

**STATE OF MICHIGAN
CHIEF FINANCIAL OFFICERS' COUNCIL
Summary of July 22, 2004 Meeting**

The third meeting of the Chief Financial Officers' (CFO) Council for calendar year 2004 was held at 10:00 a.m., Thursday, July 22, 2004, in the Ottawa Conference Center, Room #4.

CFO Council members in attendance:

David Bruce – Agriculture
James Selleck – Attorney General

Dan Bojalad – Civil Rights
Barry Wickman – Corrections

Kim Stephen – Environmental Quality
Janet Laverty – History, Arts &
Libraries

Karen Tarrant – Information Technology
Joe Pavona – State

Other attendees:

Gerry Schwandt, Auditor General
Gary VanNorman, Community Health
Lori Schomisch – Education
Shirley Callahan - Labor and Economic
Growth

Anita Wooten – Lottery
Dave Quigley - Management & Budget
Al Christian – Mil. & Veterans Affairs
Joe Frick – Natural Resources

Marge Fuller - OFM
Ruth Mealy – OFM
Laura Mester – OFM
Michael Moody – OFM

Mary Lannoye -Office of State Budget
Ann Dennis – Transportation
Palmer Giron – Treasury

Mike Moody, Director of the Office of Financial Management (OFM) and Chair of the Council, welcomed Gerry Schwandt, representing Office of the Auditor General, Gary VanNorman, representing Community Health, and Dave Quigley, representing Management and Budget. There were no additions or changes to the agenda. The draft summary of the April 22, 2004 meeting was approved as written.

Mike stated that Doug Ringler had been selected to fill the Support Services Division Director position.

BRIEFINGS AND REPORTS TO CFOs

Budget Update

Mary Lannoye shared information regarding the budget situation for FY 2004 and FY 2005. In particular, she stressed the need to maximize FY 2004 lapses to avoid closing in the red. She also discussed the ongoing FY 2005 budget negotiations, indicating that progress was being made, but slowly. When asked about FY 2006, Mary indicated that there were a number of challenges that would likely make FY 2006 another difficult budget year.

OFM Accounting and Financial Reporting Division Update

Laura Mester, AFR Director, reported on this year's closing. The schedule has been issued. November 19 is the last day to process transactions and October 29 is the last date for encumbrances. The liaisons and MAIN FACS Service Center will be contacting agencies to review encumbrances.

August 5 is the last day to submit work projects in the work project management system.

The first transfer letter will go to the Legislators on September 17, the second letter on October 29 and the legislative transfer on November 13. These dates can be found in the closing schedule.

Laura said that, if they would like, agencies can send her office their account and fund source information so they can post the forced lapse entries.

Starting Monday, July 26, FY05 requisitions can be entered. The escheats program will run on August 24.

The representation letter for FY04 will be sent November 22. Something new in the letter is that agencies will be asked for representations related to 501(c)(3) organizations.

OFM Payroll and Tax Reporting Division Update

Ruth Mealy, PTR Director, reported on changes that will result in retirement savings for agencies. First, the SERS defined benefit rates were reduced starting July 1 through the end of the fiscal year. The reduced rates are the result of an actuarial experience study and a transfer from the advance health funding reserve. Second, the mandatory 4% state contribution for defined contribution plans will not be charged to agencies, effective July 1 through the end of the fiscal year. Instead, the state's normal 4% contribution will be transferred to employer accounts from state contributions forfeited by employees who departed without vesting.

Ruth also discussed changes in the way payroll and insurances will be charged at fiscal year-end.

OFM Support Services Division Update

Marge Fuller, Manager of the Training and Communications Section, reported that Maximus has requested an extension.

There were a total of 609 employees who attended the Business Objects classes offered from April 26 through July 2. Future dates for this class may be found on our web site.

CFO Member Roundtable Discussion

No issues to discuss.

The meeting adjourned at 11:10 a.m.

Next meeting: Thursday, October 28, 2004 – 10:00 a.m.
Ottawa Conference Center, Room 4

Summary prepared by:

Adel Beachnau, Council Secretary